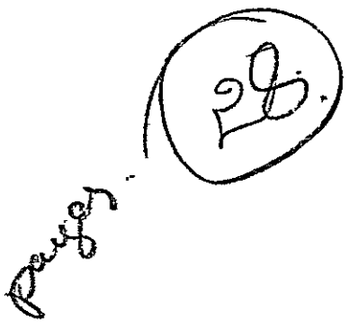

File No. 2-A of 1885.

Surplus Revenues of the Assigned Tract, C. & M. Station, Bangalore.

(D. O. Correspondence.)

Simla,

The 14th September, 1883.

My dear Lyall,

With your official letter, No. 1130/194 dated the 23rd ultimo you sent us, for information, a copy of a letter which you had addressed to the Dewan regarding the recently sanctioned allowance for the Residency Surgeon. You forwarded with the latter communication copies of the Government of India Despatch, No. 44 dated the 13th March 1883, and of the Secretary of State's reply, No. 35 (Political) dated the 19th April 1883.

Your letter to the Foreign Department requires no official answer, so I merely write to mention that it is opposed to our practice to let copies of despatches to, and from, the Government of India be seen by the Durbars of Native States, and that a reference to the Government is always necessary before an exception is made to the rule. Despatches often contain matter which it is not desirable a Durbar should see. Thus our Despatch to the Secretary of State cited above stated incidentally that the question of the disposal of the revenues of the Assigned Tract was under the consideration of the Government of India. This knowledge might possibly lead to embarrassing references on the part of His Highness' Administration, as the Government of India are not prepared to give a final decision upon the question at present.

I may add that it is not usual, at any rate in this department, to send copies of despatches out of the office at all, but only to communicate their purport to local administrations. Will you kindly issue orders that this rule may be carefully observed in future ?

Yours sincerely

C. GRANT.

To—J. B. Lyall, Esq., C. S.

My dear Wylie

Please read this and record an office order to the effect of the para. I have marked. The letter had better be kept out of the office I think, so please return it to me. But I also wish to look again at the file to which it refers. Please send to Mysore.

Yours sincerely,

22—9—1883. J. B. LYALL.

My dear Mr. Lyall,

I have read this and have recorded an office order as desired, to the effect of the para. you have marked.

I have not shown this letter to the office, and I return it to you together with office copy of your letter No. 1130/194 of the 23rd ultimo, and file to which it refers.

Yours sincerely,

24—9—1883. H. WYLIE.

Confidential

Mysore,

29th September 1883.

My dear Grant,

In reply to your demi-official letter of the 14th instant, I beg to say that I have issued orders in my office for the future careful observance of the rule that copies of despatches to and from the Government of India are not to be shown to the Durbar without a previous reference to the Government of India. I wish to explain why, in the particular case under reference, I thought it necessary to communicate to the Durbar copies of the last despatch of the Government of India to the Secretary of State and of his reply. Though I did not know that there was any rule on the subject, I recognised the reasons upon which the rule is founded and should not have sent copies of the despatches to the Durbar if I had not thought the case an exceptional one.

From my office file and from conversation with the Dewan, I was aware that Mr. Sandford, as officiating Resident, had sent the Dewan demi-officially a copy of the Government of India's despatch to the Secretary of State, No. 294 of 26th September 1882, which was sent to Mr. Sandford under cover of your demi-official letter of 14th October 1882. In that despatch, the Government of India had assented to Sir James Gordon's view that the Residency Surgeon's allowance for the charge of the Bowring Hospital was debitable to the revenues of the Assigned Tract (the Civil and Military Station), but had decided that no such allowance need actually be paid. On the other hand, in the same despatch it was proposed that a certain allowance of undetermined amount should be given to the Residency Surgeon from Mysore revenues for the charge of the Mysore Medical School. When, therefore, I received Assistant Secretary to Government of India, Foreign Department No. 1540 I, dated 7th June last, I was puzzled how to act. I had not then seen the Government of India's last despatch to the Secretary of State (No. 44 of 13th March, 1883), and I had become aware that the Residency Surgeon had never been in charge of the Medical School. I, therefore, addressed to you my demi-official letter of 23rd June and asked for explanations. Your demi-official letter of 24th July and enclosures (including the despatch No. 44, dated 13th March 1883), showed me exactly how the matter stood, and why the Government of India now held that the allowance to be granted to the Residency Surgeon was mainly for the charge of the hospital and should come out of Mysore revenues, whereas, they had formerly held that no charge allowance was necessary for the hospital and that if such an allowance was granted it ought to come out of Assigned Tract revenue.

But with the knowledge that the Dewan had a copy of the despatch of 26th September 1882, in which the latter view was taken, I did not see how it was possible to explain to him the change of view which had occurred except by communicating to him also the despatch of 13th March 1883, and the Secretary of State's reply. I, however, first communicated to him verbally the purport of the orders and he at once objected that if the allowance was on account of the Medical School, the necessity of placing the school in charge of the Residency Surgeon was not apparent, and if on account of the hospital then the Government of India had formerly concurred with the Resident that it ought to be debitable to the revenue of the Assigned Tract. I saw no other way of satisfying these objections than by letting him see the last two despatches in continuance of the former one of which he already had a copy. He then gave me to understand, in conversation, that the Durbar would make no objection to paying the allowance though they might probably in expressing their consent say that the point ought to be reconsidered if the surplus revenue of the Assigned Tract was finally decided to be Imperial revenue.

I have nothing more to say in explanation of my share in the communication of the despatches to the Durbar. I now come to the reply which I have just received from the Durbar, of which I enclose a copy. It contains more than the simple reservation which the Dewan spoke of making.

The Dewan's argument is that the Durbar sees no necessity for placing the Mysore medical school under the Residency Surgeon, and that in respect to the Bowring Hospital the great bulk of its patients belong to the Civil and Military Station, the remainder consisting of people from the neighbouring tracts, and of a very few Mysore officials all of whom will probably go hereafter to a new hospital about to be established in the native town; that under these circumstances, the surgeon's allowance for charge of the Bowring Hospital seems to the Durbar properly debitable to the revenue of the Civil and Military Station, which gives a large surplus; but that if that surplus is eventually to be handed over to the Durbar, they have of course no objection to paying the allowance for the present from Mysore revenues. No material objection can be taken to any of the facts stated in the Dewan's letter, and in my opinion the best way of settling the question will be for the Government of India to agree that the allowance shall be charged against the revenue of the Assigned Tract, remarking that they were formerly not informed of the actual facts in respect to the medical school and that as regards the hospital they have no wish to impose a charge upon Mysore revenues merely on account of the uncertain number of patients from beyond the limits of the Civil and Military Station which the hospital entertains. I think the Government might also add that, as soon as the funds of the Civil and Military Station Municipality will allow, they will expect the Municipality (which now has charge of the hospital) to pay the Surgeon's charge allowance.

If you see no objection I will forward the Dewan's letter officially with a brief recommendation to the above effect.

There is one other point I wish to mention. You will observe that in his para. 5 the Dewan uses the words "so long as the surplus revenue in question remains as at present with Mysore." He here alludes to the fact that the surplus revenue is at present lodged in the Bangalore Central Treasury under the charge of the Comptroller of Mysore. Some time ago I had a conversation on the subject with the Dewan and he expressed a hope that the Government of India would not call upon him to pay over the amount suddenly or without due warning, as it forms part of the Durbar's cash balances which are likely to be low in amount till the Land Revenue collections come in (December to March). My own opinion in regard to the question of the disposal of the surplus is that the decision contained in p. 6 of your No. 92 I. P. of the 24th January 1881, should be adhered to. If this is intended it seems unadvisable to allow the money to remain for an indefinite time in the Mysore Treasuries, and the Government of India might direct the amount to be paid over to the Madras Government as soon as the Durbar can do so conveniently. If considered advisable, the Durbar might be asked at the same time to specify, with a view to adjustment of accounts, the items referred to in p. 4 of the Dewan's letter as "strictly chargeable to the revenues of the Assigned Tract" but at present "borne by the Mysore State in the hope that the Government of India will be pleased to allow Mysore to retain the surplus revenue." The only item I know of (in addition to the European medicine for the hospital) is the cost of keep of prisoners from the Civil and Military Station in the Bangalore jail. I lately asked the Durbar to charge us for the cost of those prisoners. A small charge might also be made for the services of the Collector of Bangalore and his establishments who collect for us the small land revenue of the Assigned Tract.

Yours sincerely,

J. B. LYALL,

Offg. Resident.

6. The above figures include the revenue and expenditure of the Assigned Tract which were as follows :—

	Actuals 1881—82.	Actuals 1882—83.	Estimates 1883—84.
Receipts ...	2,94,023	3,31,315	...
Expenditure ...	1,26,710	1,49,558	1,64,000
Surplus ...	1,67,313	1,81,757	1,75,000 (approx.)

7. It will thus be seen that if the surplus revenue of the Assigned Tract be excluded from the surplus of ordinary Provincial Revenue, the financial result would be as follows :—

1881—82 (actuals)	1,81,255 surplus
1882—83 (actuals)	62,859 deficit
1883—84 (revised estimate)	76,000 (approx.) deficit

8. By extensive reductions of establishment in all departments, and by very considerably curtailing the expenditure especially on account of ordinary public works, it has hitherto been possible to contribute largely from current revenue towards the amount required for the construction of the Bangalore-Mysore Railway. How the Durbar could find the capital required for this large work is often not clearly understood. The facts are as follows :—

This railway was originally estimated to cost 35¼ lacs. During the four years from 1877-78 to 1880-81 (both inclusive) the outlay on it amounted to about 25 lacs. This was all spent before the Rendition. Since then about 18 lacs have had to be spent upon this line, making the total capital outlay 43 lacs. Out of this 43 lacs, about 20 lacs have come from surplus current revenue, in which is included a large sum collected since 1878 on account of the postponed revenue of the previous famine years : 2 lacs have been obtained from net railway revenue ; and 6½ lacs by transfer from the Tumkur Railway loan, subject to future adjustment ; and the balance of 14½ lacs from the reduction of the cash balance which was rendered possible by the arrangement to pay the subsidy in two instalments in January and March (that is during the revenue collection season) instead of by monthly instalments of 2 lacs. If it is required to spend at once on Bangalore—Tiptur line the 6½ lacs already spent out of the Railway loan on the Mysore line, the Government can only do so by a still further curtailment of the cash balance, a step which in my opinion is extremely inexpedient.

9. On 1st April 1882 our cash balance was reduced to about 28 lacs and therefore some difficulty was experienced in the punctual payment of the first instalment of the subsidy in January 1883. In the beginning of the current year our cash balance was considerably higher, namely Rs. 37, 35, 00— but this included the unexpended portion of the Railway Loan. Out of this cash balance we have to use at least 9, 18, 000 on the Tumkur Railway in the current year, so as to balance our Receipts and Expenditure in accordance with the revised budget, thus virtually leaving our cash balance on 1st April 1883 at 28 lacs as on 1st April 1882. The result is that when I left Mysore the Huzur Treasury was nearly empty, and we have to make special efforts to collect sufficient revenue in December and January so as to be able to pay the first instalment of subsidy (12½ lacs) as well as the 4 lacs on account of the famine loan in proper time. These efforts are now being made and I expect to be able to meet these demands in due time.

10. You will thus readily see that our financial position gives me constant anxiety, and I really do not know how to meet the further demand for the *surplus* revenue of the Assigned Tract.

11. I take this opportunity to refer to the demand made in your office letter No. (Camp) 28, dated 9th November 1883 for the payment of the surplus revenue of the Assigned Tract, with the view of soliciting your advice in the matter. I enclose copy of Mr. Hudson's letter to me on this subject (enclosure C), together with two statements (D. and E.) of receipts and expenditure of the Assigned Tract. It will be seen from these papers that the revenue

management of the Assigned Tract is very peculiar. Though complete jurisdiction over the tract has been transferred to the British Government, yet the collection of revenue remains in the hands of the Durbar officers under the control of the Resident. The revenue is collected by the Durbar and is not separately shown in the public accounts, but is lodged in the Maharaja's treasury together with general revenues of the Province.

Per contra: the Durbar has not kept a separate account of what is properly chargeable to the revenue of the Assigned Tract, such as the proportionate cost of the establishment of the Chief Court, the Consulting Engineer, the Director of Public Instruction, maintenance of convicts, and other charges named by the Comptroller in his report (enclosure C). These facts were probably not before the Government of India, when they issued the orders contained in para 11 of their letter No. 206 C dated 27 July 1882. If they had known that the whole revenue was being actually collected by Mysore and lodged in the Mysore Public Treasury along with ordinary Provincial Revenue, and that Mysore was paying the whole cost on account of supervising establishments (such as Chief Judge, Comptroller, Consulting Engineer &c,) it seems unlikely that they would have ordered that "the whole revenue collected may remain to the credit of the Imperial Government". The Government apparently seem to be under the impression that the revenue is collected by a separate agency and is lodged separately in the treasury, and *under that impression* it would be natural for them to consider that there was no immediate necessity for passing orders for transfer of the surplus to Mysore, a question which had been reserved for decision in connection with the subsidy.

12. By the terms of the Instrument of Transfer as well as from para. 6 of the Government of India letter No. 92 I. P., dated 24th January 1881, it is clear that Government are of opinion that Mysore is entitled to the surplus revenue in question, and the last quoted letter shows that the only doubt Government entertain on the subject is as to the expediency of an annual rendering of account, to a Native State for the revenue and expenditure of an Assigned Tract. In the present case, however, owing to the system in force, no account is required from the British Government, and no payment is necessary from them to Mysore. I trust you will admit that the present system has so far worked without any friction and that it is sufficiently good, as an avowedly temporary measure, till the Government are pleased to decide "what allowance may be made, upon an average estimate of this surplus, to the Mysore State in calculating the subsidy payment." (Vide Government of India letter No. 92 J. P. dated 24th January 1881 p. 190 of the Blue Book.)

13. Shortly after my appointment (in February 1883) as Dewan, I found that Mr. Sandford's letter dated 11th August 1882 remained unanswered, and I represented the facts above stated to Sir James Gordon, in connection with a demand from the Accountant General for the transfer of the surplus. Sir James Gordon readily admitted the justice of my views and was also convinced of the great inconvenience it would entail upon the State, to pay the surplus to the British Goverment. He accordingly promised to represent the matter again to the Government of India for their favourable consideration, and I believe he stated this intention in his reply to the Accountant General. Sir James Gordon was however unable to do this, as he was taken ill soon afterwards and I shall feel greatly obliged to you if you can now kindly make the required representation to Government and obtain their orders for the present condition remaining undisturbed, until the decision of Government as to the allowance to be made to Mysore on account of the surplus revenue in question. I hope that in asking this favor I am not asking too much. The case is very simple. The Government have been pleased to recognize that Mysore is entitled to the surplus revenue of the Assigned Tract: the only remaining question is what is the most expedient way of giving this surplus to Mysore: the Government propose to decide it in connection with the subsidy question: all that we ask is, that, till such decision is arrived at, the present arrangement may continue and that we may be allowed to retain what already is in our possession. This involves no disturbance of any kind, while if Mysore is required to pay the surplus, *pending the final settlement of the question*, it

will put the Durbar to great inconvenience and lead to considerable disturbance of its budget arrangements, as regards Public Works and Railway during the current and following years.

14. We are most thankful for the postponement of the increase to the subsidy for five years. Without the *full* benefit of that postponement during the past three years, it would have been impossible to have contributed anything towards the Mysore—Bangalore Railway, and other useful public works must have been neglected, together with the not improbable result of our not being able to carry on the work of administration so as to maintain the prescribed standard of administrative efficiency. The transfer to the Imperial Treasury of even the small sum involved in the surplus question will be felt as a very inconvenient curtailment of our resources, as may readily be seen from the figures given in para. 7 of this letter.

15. With this imperfect and somewhat hurried statement of the merits of the question, I am content to leave it in your hands. Should you require any further information on the subject I shall furnish it when I return to Bangalore.

With best regards.

Yours very sincerely,

K. SHESHADRI IYER.

J. B. Lyall, Esq., etc., etc.

No. 2530, dated Bangalore, 27th November 1883.

From—H. Hudson, Esq., Comptroller.

To—The Secretary to the Dewan of Mysore.

In forwarding for the Dewan's information a copy of a letter No. 27, dated the 8th instant, in which the Assistant Resident enquires what is the amount of the balance of the revenue of the Assigned Tract up to 31st March 1883, I have the honor to state that I have suggested in reply that a reference be made to the Dewan, an account for the two years 1881—82 and 1882—83 having been furnished to your office with my No. 1967, dated 27th September 1883.

2. That account exhibits the cash receipts and payments closing with a balance at credit of the Assigned Tract of Rs. 3,41,765—1—0, but this balance may be considered chargeable with a share of the cost of the establishments which have had to do with the collection of the revenue and the supervision of certain departments.

3. The most important item of revenue is that derived from the abkari-excise on arrack and toddy consumed within the limits of the Assigned Tract. It is raised under contracts entered into by the Mysore Government, shortly before the date of the Rendition and running for three years from April 1881. The contract for the sale of arrack embraces the three districts of Bangalore, Kolar and Tumkur as well as the Assigned Tract. It is for a minimum sum of 4 lakhs per annum including local cess. It produced Rs. 4,54,998 in the year 1881—82 and Rs. 4,87,380 in 1882—83. The portion belonging to the Assigned Tract was Rs. 2,01,352 in the first year and Rs. 2,37,230 in the next, and the residue belongs to the three districts of the Mysore Government just named. The only special charge incurred on account of the arrack revenue is the cost of the Sudder Distillery Establishment at Bangalore which was Rs. 9,491 in 1881—82 and Rs. 6,780 in 1882—83, one-half of which may fairly be charged to the Assigned Tract.

4. The toddy contract of the Assigned Tract is included in that of the Bangalore District. The total is for Rs. 91,906 per annum inclusive of local cess, for 3 years from 1st April 1881 to 31st March 1884. It produced in 1881-82 Rs. 90,976 and in 1882-83 Rs. 91,906, and the portion credited to the Assigned Tract was Rs. 31,875 and Rs. 24,392 in the respective years.

There were no special charges on account of the revenue from toddy: but both the sources of revenue, arrack and toddy, being supervised by the Deputy Commissioner, Bangalore, and his revenue establishment, in common with other items of revenue, a share of these establishments may be considered as chargeable to the Assigned Tract. The cost of that establishment and the revenue of the Bangalore District under all heads are as per margin. The proportion of the respective receipts is about 1/5th in 1881-82 and rather more than one-fourth in 1882-83, but the cost of establishments can hardly be charged in the same ratio, as the Deputy Commissioner's duties in respect to the collection of revenue for the Assigned Tract are practically of a minor if not nominal character. One-twentieth would seem to be a fair proportion.

	1881 82—1882-83.
Revenue under all Heads, Bangalore District.	15,68,000—1476,000.
Assigned Tract.	2,94,000—3,31,000.
Cost of Deputy Commissioner's Establishment	25,600— 25,600.

5. The land revenue of certain villages is collected for the municipality of the Assigned Tract by the Amildar of Bangalore under the Deputy Commissioner of the District. It was Rs. 3,607 in 1881-82 and Rs. 3,696 in 1882-83. The village establishment should be charged to the Tract.

6. The next important item of revenue in the Assigned Tract is that from general and court fees stamps. The *discount paid to the vendors of general stamps is chargeable to the Tract and also the cost of the stamps which are supplied by the Superintendent of Stamps, Madras, has to be added.

	1881-82	1882-83.
*Discount on general stamps	485	547.
Cost of general stamps	170	230.
Do. of Court fee labels	27	22.

7. It remains to consider what share of the general supervision exercised over the Assigned Tract by the Mysore authorities, other than the Deputy Commissioner, should be charged to its revenues. They are as follows, with the annual cost.

	1881-82	1882-83.
The Chief Judge's Court	65,110	64,087.
Educational Secretary and Establisment	15,200	12,700.
Comptroller's Office	25,300	25,309.
Inspector General of Registration	4,849	5,088.
Principal Medical Officer and Establishment	14,393	14,383.

It would be convenient to charge a percentage of these establishments to the Assigned Tract say 1/20th or 5 per cent of the cost in each case.

8. The printing done at the Mysore Government Press and stationery supplied to the several offices of the Assiged Tract can be charged without difficulty at the actual cost. The maintenance of prisoners in the Central or District Jail has also to be charged at the average rate per man.

9. On receiving the Dewan's instructions on the above points, I propose submitting a supplemental account for the years 1881-82 and 1882-83 showing the items which it may be determined to charge against the Assigned Tract.

10. It has not hitherto been considered necessary to make any charges on account of the heads remarked upon in paras 3 to 7 of this letter, the revenue of the Assigned Tract minus the special charges incurred on its account having been regarded by this office as belonging to the Mysore State, as according to the terms of the Instrument of Transfer and other published documents, it is provided that His Highness' Government is only required to assign land to the exclusive management of the British Government "*free of charges*". The language used in the last † Notification of the Government of India on the subject dated 7th August 1883 is to the same effect, and seems to show that the Mysore Government undertook to meet all the civil charges of the Assigned Tract but not to surrender the revenue raised in it.

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†Government of India Notification No. 2252 I dated 7th August 1883. (Mysore Gazette, Part II, Page 335).

Whereas His Highness The Maharaja of Mysore. by an instrument dated the 25th day of March 1881, assigned free of charges, to the exclusive management of the British Government for the purpose of a Cantonment certain lands, situated within the limits specified and described in a schedule and map annexed to that Instrument, and forming the Civil and Military Station of Bangalore, and whereas by the said Instrument, His Highness the Maharaja of Mysore renounced all jurisdiction in the lands so assigned etc., etc.

Statement of Revenue and Receipts of the Bangalore Civil and Military Station for the years 1881—82; 1882—83.

No.	Heads of Receipts.	1881—82.			1882—83.		
		Rs.	A.	P.	Rs.	A.	P.
1	Land Revenue	3,607	2	7	3,695	11	8
	Total Land Revenue ...	3,607	2	7	3,695	11	8
	2. Excise on Spirits and Drugs.						
1	Arrack	1,88,842	7	2	2,23,965	6	3
2	Arrack (Colombo)	...	...	...	724	15	0
3	Beer	10,326	11	10	13,265	10	1
4	Brewery license fees	150	0	0	100	0	0
5	Ganja	1,809	14	9	1,919	11	11
6	Toddy	30,000	8	0	22,957	8	11
7	Opium license fees	387	0	0	494	0	0
	Total Excise ...	2,31,516	9	9	2,63,427	4	2
	3. Stamps.						
1	General stamp papers	16,178	8	0	15,546	8	0
2	Court fees labels	20,868	2	0	23,252	10	0
3	Stamp duty	6	4	6	64	13	0
4	Stamp penalty	88	5	0	189	8	0
5	Receipt stamps	...	...	...	2,469	5	0
6	Transfer stamps	...	...	...	125	0	0
7	Foreign bill stamps	...	...	...	84	1	0
	Total stamps ...	37,141	4	0	41,731	13	0
	4. Registration.						
1	Fees realized by the Registry and Sub-Registry Offices	3,742	10	0	4,840	4	0
	Total Registration ...	3,742	10	0	4,840	4	0
	5. Law and Justice.						
	1. Civil and Session's Judge Court.						
1	Sale proceeds of unclaimed and escheated property	...	...	...	...	...	...
2	Fees, fines and forfeitures	...	...	...	...	...	...
3	Savings and refunds	434	9	0	61	4	0
	Total ...	434	9	0	61	4	0
	Carried over ...	2,76,007	10	4	3,13,695	0	10

No.	Heads of Receipts.	1881—82			1882—83		
		Rs.	A.	P.	Rs.	A.	P.
	Brought forward.....	2,76,007	10	4	3,13,695	0	10
	2. District Magistrate's Court.						
1	Sale proceeds and unclaimed and escheated property	33	11	10	3	3	2
2	Fees, fines and forfeitures	288	6	1	455	6	3
3	Savings and refunds	31	0	2	5	0	0
	Total.....	358	2	1	463	9	5
	3. Sub-Magistrate's Court.						
1	Sale proceeds of unclaimed and escheated property	54	8	5	105	4	3
2	Fees, fines and forfeitures	1,844	12	0	1,282	8	7
3	Savings and refunds	5	9	9	...	...	...
	Total.....	1,904	14	2	1,387	12	10
	Total Law and Justice.....	2,692	9	3	1,912	10	3
	6. Police.						
1	Savings and refunds	51	0	0	1	0	0
	Total Police.....	51	0	0	1	0	0
	7. Medical.						
1	Miscellaneous receipts	87	9	3	6	9	7
	Total Medical.....	87	9	3	6	9	7
	8. Public Debt.						
1	Local cess on arrack	12,510	11	0	13,310	9	5
2	Local cess on beer	679	7	3	835	8	5
3	Local cess on ganja	119	4	7	119	4	9
4	Local cess on toddy	1,875	0	0	1,434	13	6
	Total Public Debt.....	15,184	6	10	15,700	4	1
	Grand Total of Receipts.....	2,94,023	3	8	3,31,315	8	9

W. HUDSON,
Comptroller.

Statement of Expenditure of the Bangalore Civil and Military Station for the years 1881-82 and 1882-83.

No.	Heads of Disbursement.	1881-82. Rs.	A.	P.	1882-83. Rs.	A.	P.
	1. Refunds.						
1	Refund of Court Fees	18	0	0	...	...	...
2	Refund of Criminal Fines	113	3	0	...	...	...
3	Refund of Registration Fees	47	2	0	214	4	0
	Total Refunds ...	178	5	0	214	4	0
	2. Stamps.						
1	Salaried Stamp Vendor	330	0	0	360	0	0
	Total Stamps ...	330	0	0	360	0	0
	3.—Registration.						
1	Pay of Sub-Registrar	615	5	2	840	0	0
2	Pay of Establishment	385	0	0	419	8	0
3	Contingencies	12	0	0	14	0	0
4	Office rent	...	...	...	91	9	10
	Total Registration ...	1,012	5	2	1,365	1	10
	4.—Administration.						
1	Personal allowance to Subordinate Officials	30	0	0	145	7	9
	Total Administration ...	30	0	0	145	7	9
	5. Law and Justice.						
	Civil and Session Judges Court.						
1	Pay of Officer	10,866	10	8	14,316	2	1
2	Pay of Court fixed Establishment	5,945	2	7	6,747	10	9
3	Pay of Process Service Establishment	935	12	9	952	9	5
4	Court Contingencies	85	6	4	218	4	7
5	Office furniture	875	8	0	198	0	0
6	Office rent	...	...	...	1,095	12	11
7	Temporary Establishment (Pay of Sweeper)	...	...	...	35	0	0
	Total ...	18,708	8	4	23,563	7	9
	District Magistrate's Court.						
1	Pay of Officer	5,874	0	0	9,373	5	0
2	Pay of Court Fixed Establishment	2,655	0	11	3,011	12	3
3	Court Contingencies	189	14	2	159	13	9
4	Office Rent	...	...	...	440	0	0
5	Office Furniture	...	...	...	154	8	0
6	Miscellaneous charges	...	...	...	57	12	0
	Total ...	8,718	15	1	13,197	3	0
	Second Magistrate's Court.						
1	Pay of Officer	3,300	0	0	3,600	0	0
2	Pay of Court Establishment	2,089	0	6	2,196	0	0
3	Court contingencies	198	4	3	249	8	1
	Total ...	5,587	4	9	6,045	8	1
	Fees to Government Prosecutor for conducting cases in Courts of the Civil and Military Station	544	0	0	594	0	0
	Total Law and Justice ...	33,558	12	2	43,400	2	10
	6. Police.						
1	Pay of Superintendent	5,522	9	3	6 000	0	0
2	Pay of Office Establishment	839	5	4	3,344	13	11
3	Pay of Executive Force	24,935	11	7	25,737	6	0
4	Contingencies	461	1	8	820	4	9
5	Charges on account of secret service	178	15	0	38	7	3
6	Reward for good service	6	10	8	...	...	...
7	Clothing and equipment	2,767	6	6	2,955	15	5
8	Construction and repairs to buildings	2,334	0	4	2,075	2	1
9	Office furniture	155	0	0	44	11	4
10	Office rent	...	...	...	208	6	2
	Total Police ...	37,200	12	4	41,225	2	11
	7. Education.						
1	Grants in aid to schools	22,549	8	0	25,340	2	1
2	Contribution towards the debt of Bishop Cottons School building	322	6	2	578	2	10
	Total Education ...	22,871	14	2	25,918	4	11
	8. Medical.						
1	Allowance to Surgeon in charge Bowring Civil Hospital ...	2,750	0	0	1,250	0	0
2	Pay and allowances of Apothecaries	5,170	0	0	5,640	0	0
3	Pay of Hospital Assistants	2,336	0	0	1,440	0	0
4	Pay of servants	1,804	0	0	1,968	0	0
5	Diet to patients	4,245	3	2	3,825	4	2
6	Contingencies including country medicines	2,155	4	3	2,123	4	3
7	Repairs to buildings	335	12	2	928	13	11
8	Fee to Chemical Examiner	...	...	...	125	0	0
9	Travelling allowances	5	4	0	3	6	0
	Total Medical ...	18,801	7	7	17,303	12	4
	Carried forward ...	1,13,983	8	5	1,29,932	4	7

Statement of Expenditure of the Bangalore Civil and Military Station for the years 1881-82 and 1882-83.

Continued.

No.	Heads of Disbursement.	1881-82. Rs.	A.	P.	1882-83. Rs.	A.	P.
	Brought forward ...	1,13,983	8	5	1,29,932	4	7
	9. Stationery and Printing.						
1	Printing License Forms	...	...	...	12	0	0
	Total Printing	...	...	..	12	0	0
	10. Civil Furlo' And Absentee Allowances						
1	Furlo' allowance to Colonel R. A, Cole, Officiating Civil and Sessions Judge	2,510	5	4	...	...	...
	Total furl'o allowances ...	2,510	5	4	...	...	...
	11. Charitable Allowances.						
1	Grant to Friend-in-need Society	4,950	0	0	5,400	0	0
2	Gratuities	...	...	...	36	8	11
	Total Charitable allowances ...	4,950	0	0	5,436	8	11
	Miscellaneous.						
1	Grant to Municipality for the maintenance and repair of suburban roads	5,025	0	0	5,025	0	0
2	Government grant to the Mayo Town Hall	...	...	...	6,140	2	5
3	Repairs to the Residency Bungalow, Bangalore	...	...	...	1,735	0	7
4	Cost of maintenance of Lunatics	...	...	...	777	14	2
5	Repairing road leading to Post Office	...	...	...	103	0	0
6	Minor construction and repairs to Civil buildings ...	...	...	...	285	0	0
7	Cost of boundary stones for defining the limits of Civil and Military Station	219	0	0	...	...	...
8	Books purchased under Acts 20 and 25 of 1847 and 1867 by District Magistrate	24	7	0	78	6	9
9	Advertising charges	...	...	...	33	3	0
	Total Miscellaneous ...	5,268	7	0	14,177	10	11
	Grand Total Disbursements ...	1,26,712	4	9	1,49,558	8	5

Surplus—1,67,310-14-11—1,81,757-0-4=3,49,067-15-3.

W. HUDSON,
Comptroller.

Answered by D. O. dated 3—1—84.

J. B. L.

Bangalore,
2nd January 1884.

My dear Sir,

I have just now received a note from Col. Le Messurier in which he refers to my demi-official to you of the 16th December on financial matters and the surplus question, and fears that my letter "may eventually pass as a printed record into the Blue-book." I did not mean to impute any fault to Col. Le Messurier but only meant that his statements about our finances were in some particulars incorrect owing to his having had no access to full information on the subject.

If you propose to make any use of my letter, I would thank you to expunge para. 4 relating to Col. Le Messurier's memo., as irrelevant to the subject in hand.

I am putting together a few further thoughts on the surplus question and will write again tomorrow.

Yours very sincerely,
K. Sheshadri Iyer.

J. B. Lyall Esqr.,
&c. &c. &c.

Bangalore, 3rd January 1884.

My dear Dewan,

I have no intention of sending up your demi-official of the 16th ultimo officially or demi-officially so Colonel Le Messurier need not fear that the remark in it regarding his note will get into the Blue-books.

I hope you will be able, as you propose, to give me sometime this month a copy of the complete memo. on the finances of the Province, past, present and future which you are composing.

With such a memo. as a basis I should be able and willing to address the Government of India with reference to the questions of the impending increase to subsidy and of the surplus revenue of the Assigned Tract.

On the latter question my present view is as you know widely different from that expressed by Mr. Hudson in the letter enclosed with your D. O. and in your letter itself, and if my view is right, I apprehend that the Government of India might be reasonably offended by the assumptions contained in your letter and Mr. Hudson's, if those assumptions were deliberately made in a letter intended for the perusal of the Government of India. For example the assumption that the words "free of charge" when used with reference to land assigned naturally imply that the surplus revenue after payment of charges is reserved to the assignor, seems to me a most patently untenable assumption; Seringapatam with its revenues was not formerly made over free of charge to Mysore as Mysore paid rent for it. If however it had been made over "free of charge" the whole revenue would have gone to Mysore just the same. Again the assumption, that the Government of India has been pleased to recognise that Mysore is entitled to the surplus revenue, seems to me quite untenable and contrary to the true meaning of the letters of the Government of India so far as I have seen them. It seems clear that the Government of India has all along claimed the surplus as its due in consequence of the assignment, and has refused to waive the claim. But it has implied that it had no intention or expectation of making a profit out of the surplus revenue of the Assigned Tract and that therefore, if experience shows that there is a considerable regular surplus, it will allow for it in raising the subsidy. The Government of India might reasonably be indignant at this indication of their intention being assumed to amount to an admission that Mysore can claim the surplus as of right. What they mean is that when they fixed the subsidy they regarded it broadly as the maximum tribute to be taken and that they had no intention of indirectly increasing the amount still more by securing a large surplus in the Assigned Tract. Therefore though the revenue of the Assigned Tract must belong to the Government of India, they will allow for the surplus (if certain and considerable) in raising the subsidy when the time for raising it comes. This as I read it is the plain meaning of the correspondence, and it seems to me that it would be an insult to the intelligence of the Foreign Office to ask them to take another view. It would not be wise for the Durbar to advance arguments of a far-fetched nature the necessity of which might appear questionable. If however you think you can show me correspondence which I have not seen, which supports your view that the surplus is admitted to belong of right to Mysore, or was all along intended to go to Mysore, I shall be happy to read and consider it. But you should show it to me quickly or the matter may very probably be further complicated by the receipt of some new order from the Government of India. On the other hand if on re-consideration you admit that my view is correct, but wish to ask the Government of India as a favor to treat the surplus revenue as part and parcel of the increase of subsidy postponed for five years, then in my opinion you had better make that request officially at once in answer to my letter and Mr. Sandford's asking you to pay over the surplus to the Resident's Treasury. Such a request can be based upon the present state of the finances, and upon the argument that in fixing the subsidy arrangements the revenue of Mysore must have been taken at the whole revenue including that of the Civil and Military Station and that therefore the promise to allow for it in raising the subsidy was only fair; and that further, this being allowed then for the same reasons which made it advisable to postpone taking

any increase of subsidy for five years, no part of the surplus should be taken in the same period. If you decide to put the matter on this basis, and to address me accordingly I think I could strongly support such a view of the case. If you advance arguments which seem to me untenable I shall of course be obliged to give my opinion of them and to say that if the question is argued as one of right or title then the surplus ought to be paid over at once.

It is only the largeness of the surplus which raises the question; if it was a surplus of a few thousand rupees, it would never have occurred to the Durbar to claim it or to the Government of India to make allowance for it. The unexpected large amount of the surplus makes it fair and proper to ask the Government of India not to stand upon its strict rights.

P. S. If the question is settled in the way suggested above I expect that the Government of India will distinctly give warning that at the end of the 5 years the surplus will begin to be taken, whether the subsidy is then otherwise raised or not. But thereafter they would I think be quite ready to admit all such charges for share of cost of establishment, etc., as are suggested by Mr. Hudson in his letter, and if it was proposed to them I think they would also be ready to admit such charges as part cost of keeping up the Cubbon Park, the Lal Bagh, etc. to be proper charges against the surplus. Fixed lumpsums might be charged on their accounts against the surplus leaving the entire control of the parks, garden, etc. with the Durbar as at present.

9th January 1884.

My dear Dewan,

With reference to our conversation of yesterday on the question relating to the payment over of the C. & M. Station surplus, please read the precis of correspondence and note which I enclose. I made it yesterday after our interview, and in making it I found out a fact which I did not know before, viz, that the form of instrument of assignment used on 5th April 1881 was substituted for the form appended to Sir J. Gordon's letter of 5th March 1881 by order from the Government of India. The order was probably by telegram, and is not in the file, but Sir James states the fact incidentally but expressly in a subsequent letter in referring to the omission of notice of the Madras railway lands in the form used.

Please note that the form proposed by Sir J. Gordon on March 5 gave the possession of the revenue to the British Government, but provided* that for the surplus, if considerable, allowance should be made by deduction from annual subsidy demand. You cannot in your letter make with any propriety any demand beyond this, for this is the most Sir J. Gordon intended to ask for, and H. H. the Maharaja must be understood to have assented to this at least, in signing the instrument. But as it happened, the Government of India did not agree to this clause in the proposed form, and the form they substituted omitted it. I think you will agree that in signing the substituted form, His Highness must be held to have assented to the assignment with or without allowance for surplus in the subsidy, other than the allowance in the enhanced subsidy promised by the Government of India in January 1881. All you can properly do, therefore, in my opinion is to base your question upon Sir J. Gordon's letter of March 5, pointing out that he proposed that allowance should be made in the existing subsidy, not in enhanced subsidy only, and giving reasons as in my former note to yourself for the reasonableness of this concession. Even this cannot, in my opinion, be claimed as of right in face of the execution of the instrument after the clause, as to surplus by Sir J. Gordon, had been expressly cut out by order of the Government of India.

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* My file shows that you drafted this form yourself: also that Sir J. Gordon sent copy separately to the Foreign Secretary, and asked him to telegraph whether it was approved or not.

As to the interpretation of the instrument, we agreed that the question does not depend upon the meaning a lawyer would put on it. But I told you that in my opinion it clearly gave nothing to the Durbar. I have to-day seen some papers connected with the drafting of the sannad which prove what the words "renounce exercise of all jurisdiction" meant in Sir J. Gordon's opinion. In the draft sannad the words "renounce all jurisdiction" occurred. On this Sir J. Gordon noted that he thought the words "the exercise of" should be interpolated, as "renouncing all jurisdiction" seemed tantamount to renouncing sovereignty and an absolute transfer of sovereignty was not intended.

I want you to understand that, unless this question is treated by the Durbar with perfect sincerity and propriety, I apprehend that the Government of India will be annoyed both with the Durbar and with this office which will be held to have bungled in it. If, therefore, you go outside what seems to me to be fair and proper argument in the case, I shall hold myself at liberty to say what I like without reference to what I have said to you in conversation, and to recommend nothing more than I think the orders of the Government of India strictly warrant. You will see from my note and precis that I am myself convinced that the Government of India failed to understand the distinction between Sir J. Gordon's proposal of 5th March 1881, and their own order of 24th January 1881, and that the ambiguity of their order of 27th July 1882 is due to such failure, and not to any intention of theirs of reconsidering the order of 24th January 1881.

I may add that I see from a note of the Foriegn Secretary on the draft sannad that Morar Cantonment is assigned as British territory, and that Secunderabad is not assigned at all, but merely fixed by treaty as a place where the subsidiary force is to be located. You will get nothing by arguing from Secunderabad. In fact, as I said before, you cannot properly go any way beyond Sir J. Gordon's proposal of 5th March, and can only ask for that as distinct from the Government of India's order of 24th January 1881 not as due by agreement, but only as an equitable concession.

I am,
Yours truly,
J. B. LYALL.

Please return me this letter and the precis which I enclose, by to-morrow morning at latest as I have kept no copies.

Bangalore, January 9th, 1884.

My dear Durand,

In a demi-official letter of the 1st November Grant asked me to reply quickly to your office letter No. 3193 I. of the 24th October last. I sent off a reply yesterday. In the same demi-official letter Grant referred to a letter of mine received by him on the 15th October on the subject of the Residency Surgeon's charge allowance for the Bowring Hospital. At the end of that letter I referred to the surplus revenue of the Assigned Tract (i. e. the Civil and Military Station) and expressed certain opinions. Soon after writing that letter to Grant, I, after studying the correspondence again, and coming to a clearer understanding of it, wrote officially to the Dewan requesting that the surplus might be paid over to the Resident's Treasury, as soon as it might be convenient to the Durbar. I have latterly been pressing the Dewan for a reply, and have found him much disposed to contest the point, on grounds, which are most clearly untenable and which the Durbar could not in my opinion use with propriety or even with sincerity. I think however that the Durbar can give good reasons for asking, not as of right but as an equitable concession, that the surplus revenue of the Civil and Military Station shall be treated as part and parcel of the enhanced subsidy during the five years for which enhancement is postponed, and that therefore credit shall be given for the amount in subsidy payments. If I can induce the Durbar, as I expect, to ask for nothing more than this I shall support the request, and I think I shall be

able to give good and sufficient reasons for so doing. In that case it will not be necessary for the Durbar to pay over the accumulated surplus, which they would also find some difficulty in doing. I venture to suggest therefore that no order to pay over the surplus need be issued from your office till you hear from me again, which will be very soon.

There has I see been a misunderstanding between the Foreign Office and this office which has led to a belief in this office and in that of the Dewan that the point whether the surplus was to be treated as Imperial revenue or not was still undecided. The orders of the Government of India in your office No. 92 I. P. of the 24th January 1881 contemplate an allowance being made for the surplus revenue of the Assigned Tract in the calculation of the subsidy (by which I understand is meant the enhanced subsidy deferred for 5 years), and this Mysore could have fairly demanded, as of right. But Sir J. Gordon in his reply No. 8287—144 of March 5th 1881 proposed that the allowance should be made *in payment* of the subsidy (that is the subsidy for the time being enhanced or not enhanced.) This distinction does not seem to have been clearly understood in the Foreign Office, and consequently in your reply No. 1093 of 7th June 1881 no reference was made to the question, and when the surplus question came up again, on a reference by the Comptroller, Mysore, before Mr. Sandford, Offg. Resident, in September 1881, Mr. Cuningham noted that the question had been referred to the Government of India and remained unanswered. Thereupon Mr. Sandford wrote his No. 1526—G. 127 of the 20th September 1881 to your office, in which he intended among other things to draw your attention again to the subject, but he did not refer to it clearly, and consequently your office reply No. 324 G. F. of 27th October 1881 again said nothing about it; consequently Sir J. Gordon in replying to your letter in his No. 2337—240 of the 6th January 1882 wrote that "the Government of India have not given final instructions either on the disposal of the surplus revenue of the Assigned Tract." The reply to this was contained in your office No. 206 G of 27th July 1882 to Mr. Sandford (now again Offg. Resident) in which you said that there was no immediate necessity for passing orders on the point, and referred to your previous letter of 24th January 1881.

There was of course no immediate necessity if the question was one of merely *calculating* the amount to be taken after 5 years when the subsidy became liable to enhancement, but this was not the question put by Sir James. Owing to the ambiguous wording of this order, and owing to the orders sent to the Comptroller and Accountant General by Mr. Sandford and Sir James implying that the question was under reference, an impression has prevailed in all the local offices concerned that the question was pending decision before the Government of India, and I myself at first understood that such was the fact.

The present Dewan was not in office when the misunderstanding commenced, and did not know all that had passed. Hence he and other Mysore officials had come to hope for a decision which would admit that the revenue belonged to Mysore subject to payment of charges, and as the money was allowed to remain in their treasury they imagined that their position was growing stronger with the lapse of time. When therefore I lately began to press the Dewan to pay over he began to take high ground, and to attempt to argue that by the terms of the instrument of transfer the surplus belongs to Mysore, and that the Government of India had admitted the fact in its order of the 24th January 1881, only objecting to an annual rendering of account, etc. These assumptions are patently untenable and even insincere, and could not have been advanced by the Durbar with any propriety, but I have had considerable difficulty in pursuading him to take a proper view of the question. He had consulted some of his English friends who being imperfectly informed of the facts thought his case was a good one.

I think I have at last convinced him of the true state of the case, and that it will be both foolish and improper for the Durbar to attempt to put any other complexion upon it. He promises to address me officially on the subject at once, and I shall then address you regarding it.

If I can show that the retention by Mysore of the surplus for the 5 years during which all enhancement of subsidy is postponed can be fairly asked for as an equitable concession, I hope that the Government of India will be ready to grant it with reference to the present financial condition of Mysore. For there is no doubt that in spite of any large reduction of establishment and greatly curtailed outlay on ordinary public works, the State has had great difficulty in making both ends meet, and both last year and the present year would have, or will be, years of small deficits, if the surplus revenue of the Assigned Tract is deducted from the credit side of the accounts.

This is due mainly to expenditure in making railways, and in part to extraordinary expenses connected with the rendition. The problem of finding money to carry on the railway extention necessary for famine protection is a very difficult one. Again, if the durbar is made to pay over the surplus at once, it will be necessary to pay the durbar with retrospective effect certain sums which it will then claim for work done or assistance given by its excise and revenue establishment; for cost of prisoners from the Civil and Military Station kept in its jail, and for the supervision of the courts, schools, and offices of the C. & M. Station exercised hitherto by certain Heads of Departments of the Mysore Government such as the Chief Judge, the Educational Secretary, the Comptroller of Accounts and the Inspector General of Registration. If the surplus is left to the Durbar till March 1886 none of these charges will be made, and in the interval, arrangements can be made whereby the officers of the C. & M. Station will take over from the officers of the Durbar a large part of this work, leaving them only certain work which they can do best and with advantage both to our Government and to the Durbar and for such work to be left in their hands annual charges payable to the Durbar can be adjusted.

I am, &c.,
(Signed) J. B. Lyall.

To
H. M. Durand, Esq., C. S. I.,
Officiating Foreign Secretary.

Calcutta,
The 29th January 1884.

My dear Mr. Lyall,

Your demi-official letter to Mr. Grant, undated but received in the Foreign Office on the 15th October last, seems to have remained without a specific answer on the question regarding the Residency Surgeon at Bangalore and his allowances. The question, taken up at the end of this letter, about the ultimate disposal of the surplus revenues of the Bangalore Assigned Tract will be dealt with separately in connection with your letter of the 9th January to me.

The former question seems to have been considerably confused and misunderstood chiefly owing to the imperfect information supplied to this office in regard to the duties and the status of the institutions to be superintended by the surgeon.

It appears that the surgeon's duties are as follows:—

(1) Medical charge of the Residency and its Establishments.
(2) Civil Medical charge of the Station.
(3) Duties of Sanitary Adviser to the Municipality of the Civil and Military Station of Bangalore.
(4) Charge of the Bowring Hospital.

It was at first understood that the surgeon also had charge of a medical school attached to the hospital, for the benefit of the Mysore State, but now it seems that he never has had this charge and that the Durbar do not wish to give it to him.

The Government of India have held throughout that the pay of a 2nd class civil surgeon is sufficient for the discharge of the duties numbered 1—4 above, but that an allowance would be admissible for the charge of the medical school.

It was at first believed that the Bowring Hospital was an institution belonging to the Mysore State, but this was afterwards shown to be a mistake and it belongs to the Assigned Tract.

Under all the circumstances, seeing that the surgeon does nothing for Mysore, it would appear that we cannot call on the Durbar to pay anything to the surgeon, and the only possible alternative is to pay the allowance, if it is to be paid, from the Assigned Tract surplus. I understand that you would continue the allowance as for the charge of the hospital, paying it from the surplus revenue but providing that the Municipality should pay it hereafter when its funds are in a condition to bear the charge.

But in the way of this comes the difficulty that the opinion has been held here that the charge of the hospital would not of itself justify the grant of an allowance of Rs. 250 per mensem. ' Would you wish to raise this question over again, and to press for a reconsideration ? If not the only thing to do now is to disallow the allowance for the future, and to meet the charge as far as it has already been drawn under the sanction accorded from the Bangalore surplus revenues. Supposing this to be done it might perhaps be stipulated that if at some future time the work performed by the Residency Surgeon for the Civil and Military Station Municipality were found to be so onerous as to justify an allowance being granted, and if it were also found that the Municipality can afford to pay such an allowance, Government would undertake to consider the matter again. It would probably be difficult to alter the opinion already expressed by the Government of India and that the duties of the surgeon, *without* the Medical school, do not justify a special allowance.

If you agree in regard to this would you kindly send up the matter officially.

Yours sincerely,
Signature illegible.

J. B. Lyall, Esq., &c., &c.

25th April 1884.

My dear Wylie,

It is very difficult to answer the questions which you propound about the memorandum of assignment of Bangalore. Did not my S. 287—P. 144 of 5th March 1881 send a draft memorandum and ask that sanction should be accorded by telegram ? Perhaps Sir James wrote a separate D. O. at the time. But my recollection so far as it serves me is that he did ask them to wire sanction : they did not do so or if they wired at all they wired disapproval. The memo could not be signed on the day of installation as was intended. I have no recollection of the memo coming but looking to the date, 5th April, when H. H. signed it must either have been received by me in Bangalore and sent up to Ooty to Sir James ; or he received it there himself, copied it, got H. H's signature and sent it down.

Sir James went up to Ooty on the 31st March that year and I followed on the 9th April.

* * * *

I think that Sir James got the form of memo D. O. at Ooty. He had no office with him ; he copied it himself and got H. H's signature to save time. As to telegrams and D. Os. he had a way of bottling them until the matter to which they related had been settled and then he very often did not send them to me at all. He wrote heaps of D. Os. of which no copies were kept.

I might remember more if I saw the draft memo that was proposed in the letter of 5th March and the one finally signed. A comparison of them might recall circumstances that I have forgotten, but of one thing I am pretty certain the memo of assignment which was executed was prepared in the Foreign Office and not by Gordon.

Yours sincerely,
W. J. CUNNINGHAM.

EXTRACT.

Subsidy Enhancement.

D. O. to Lord Ripon, dated Bangalore, 2nd June 1884.

* * * *

I have lately submitted to the Foreign Office a letter from the Durbar asking that the revenues or surplus revenue of the Civil and Military Station of Bangalore may be declared to be Mysore revenue. The Durbar have been talking of advancing this claim ever since I have been here. I have discouraged it as I have understood from the correspondence that it has been the intention of the British Government to take the revenue with the tract. But the language of the correspondence and the wording of the deed of assignment are to some extent ambiguous and not precise on the point, and I have not received from the Foreign Office officially or demi-officially any expression of opinion to guide me in my conclusions. I presume that the Foreign Office could trace no clear decision on the point sufficient to justify the issue of instructions.

I gather from the correspondence that it was always our intention that the revenue should go with the administration to the British Government, but I imagine that the comparatively large amount of revenue involved was not known at the time this intention was first framed. When it became known the Government of India intimated that they would allow for the surplus in enhancing the subsidy. This however does not satisfy the Durbar, even if the surplus be granted to them for some years till their finances improve, as I have officially recommended ; for they have a strong hope that the subsidy may never be enhanced.

I have thought it right in forwarding the Durbar's letter officially to support what I understand to have been the intention of the Government of India. But I venture to say to Your Excellency that if the revenue of the Assigned Tract is to be British revenue I should like to see the amount of the subsidy entered in the Instrument of Transfer reduced to the old or present actual figure. With reference to the revenue derived from salt sold to Mysore the old subsidy plus the revenue of the Assigned Tract is in my opinion as much as the Government of India ought ever to demand from Mysore. It is I think extremely desirable that if possible the Durbar should know soon what they will really have to pay in future years. The power reserved to raise the subsidy has an irritating and depressing effect.

After receiving the Durbar's letter I spoke to the Maharaja on the subject observing that though I was myself convinced that the British Government had all along undersood that the revenue would go with the administration, I did not know what orders were likely to be passed now that he and his Government had represented that they had all along regarded the question as undecided.

He at once replied, I believe quite sincerely, that he should be very sorry to place the Government of India in a difficulty, that he had truly believed the point to be one not yet finally decided, that if the British Government at Rendition had come to a clear decision or intention in the matter he should not wish to dispute the decision, that the object of the Dubar's letter was merely to obtain the orders of the Government of India, and to put forward arguments for consideration supposing the point to be not yet finally decided as they believed.

* * * *

Confidential.

Simla,
The 26th June 1884.

Assigned Tract Surplus.

My dear Lyall,

The enclosed memorandum, which has been drawn up in the Foreign Office, contains all the information which our records can afford regarding the preparation and acceptance of the agreement for the assignment of Bangalore. As you will see the information is not complete, but there is little room for doubt as to what actually passed upon the subject. Please treat it as strictly confidential.

Yours sincerely,
C. GRANT.

J. B. Lyall, Esqr.,
&c. &c. &c.

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1. In the 17th paragraph of Mr. Cunningham's letter No. C. 2, dated Calcutta, the 17th December 1880, Sir James Gordon suggested that the surplus revenue of the Civil and Military Station of Bangalore (the Assigned Tract) should be annually credited to the Mysore State. The Government of India rejected this proposal, and the following orders on the subject were conveyed to Sir James Gordon (paragraph 6 of No. 92 I. P. dated the 24th January 1881).

"There are reasons of principle against the system of paying over surplus revenue to the Native State. To admit any joint interest between the British Government and the Mysore State in the finances might give rise hereafter to embarrassment, so that it is preferable to treat as imperial all funds raised within the limits of the tract administered by the British Government. If it be found, subsequently, that a considerable surplus of income over expenditure accrues regularly, some allowance may be made, upon an average estimate of this surplus, to the Mysore State in calculating the subsidy payment."

2. In a demi-official letter dated the 2nd March 1881, to Sir Alfred Lyall, Sir James Gordon enclosed the draft of an agreement drafted by him for the assignment of Bangalore. Clause 4 of the agreement stipulated that

"The expenses connected with the administration of the said Civil and Military Station and the lands aforesaid shall be defrayed from the revenues thereof. Any considerable surplus of income over expenditure which may be found regularly to accrue within the lands hereby assigned, may be adjusted by an equivalent deduction from the annual subsidy payable to the British Government by the Mysore State, or in such other manner as may be hereafter agreed on between the British Government and the Maharaja of Mysore."

3. A copy of the same draft agreement was sent to Government officially with Mr. Cunningham's letter of the 5th March 1881. No. 8287 P. 144.

4. Mr. Cunningham's letter dated the 10th May 1881, No. 307 G. 17, forwarded a copy of the memorandum of the assignment of Bangalore actually signed by the Maharaja on the 5th April 1881.

"Under the 9th Article of the Instrument of Transfer of the Mysore State to His Highness the Maharaja of Mysore, the Maharaja hereby assigns (with effect from the date of his accession, viz., 25th March 1881) free of charge, to the exclusive management of the British Government, for the purposes stated in the aforesaid article, all lands situated within the limits specified and described in the schedule and map hereto annexed, and forming the Civil and Military Station of Bangalore. And the Maharaja of Mysore hereby renounces the exercise of all jurisdiction in the lands so assigned. Given under our hand and seal at Ootacamund this fifth day of April 1881."

It will be seen that this memorandum of assignment makes no reference to the disposal of the surplus revenue of the Assigned Tract.

5. There is no correspondence on record in the Foreign Office on this subject between the 5th of March 1881 and the 10th of May 1881. But an office note dated the 27th August 1881, states that the draft agreement received with Sir James Gordon's demi-official letter dated the 2nd March 1881, and subsequently with his official letter dated the 5th March 1881, (No. 8287 P—144) was modified by Sir Alfred Lyall; and the modified copy sent demi-officially to the Chief Commissioner with instructions that it should be signed and submitted officially as a memorandum of the assignment of Bangalore. The accuracy of this statement seems unquestionable, for a comparison of dates, in the Foreign Department files, and an entry in one of the registers shows that Sir Alfred Lyall sent an answer on the 14th March 1881 to Sir James Gordon's demi-official dated the 2nd idem, and it is more than probable that Sir Alfred Lyall's reply enclosed the modified draft of the agreement which was signed by the Maharaja. But no copy of this D. O. letter is to be found in our files and it appears that it cannot be traced in the Resident's Office.

Confidential.

Calcutta,
The 12th December 1884.

My dear Sir,

The Government of India have lately had under consideration Mr. Lyall's official letter No. 458/63 dated 22nd May 1884, and connected correspondence, regarding the disposal of the surplus revenues of the Assigned Tract.

Apart from the question of the necessity or expediency of making over to the Mysore State the whole or any part of such surplus, the examination of the figures, so far as it has been carried hitherto, seems to show, as Mr. Grant explained to Mr. Lyall in his demi-official letter of the 16th October upon railway matters, that after the revenues have been debited with all the charges of administration, &c., which they should properly bear, very little is likely to remain of the apparent surplus.

But the material at the disposal of the Government of India is not sufficient to enable them to make a complete scrutiny of these figures. For this it is necessary to have a detailed statement of all the charges of administering the Assigned Tract, both those which are already debited to the Assigned Tract revenues, and those which are at present borne whether rightly or wrongly by the Imperial Treasury.

Will you kindly have such a statement prepared *confidentially* at your earliest convenience, and forwarded to this office? It should of course include not only the charges entered in the budget estimates which are annually submitted, but also a due proportion of the pay and allowances of the Resident* and his staff, including the Residency Surgeon, contributions to the Municipality, educational assignments, pension payments, and, in fine, all charges which are either directly or indirectly connected with the administration of the Assigned Tract. It would be convenient if this statement were thrown into tabular form, showing the payments which, in your opinion, should be borne by the Assigned Tract revenues and the Imperial Treasury respectively, wherever any charges are properly divisible. The average figures for the 3 financial years 1881-2, 1882-3, and 1883-4, would form the basis of your calculations.

You will remember that the Government of India has consistently repudiated any obligation to pay over these surplus revenues to His Highness' administration, and that unless the examination now in progress proves the surplus to be really considerable, no payment would in any case be made.

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* Who constitutes the chief judicial court for the Assigned Tract, supervises the Municipal arrangements &c., &c.

One point which demands special consideration is whether the whole or a part of the rent* paid for Seringapatam by the Mysore Government until the rendition in 1881, and then abated, should be deducted from the surplus revenues of the Assigned Tract. On this question also the Government of India would be glad to have your opinion. There is little doubt that when the Government decided in 1880 to relinquish this amount, there was no idea of making over any part of the Assigned Tract surplus to Mysore.

I am to take this opportunity of inviting your attention to the incorrect statement at page 3 of the Dewan's speech of the 1st October 1884, where he says "the Mysore Government has been allowed to retain the surplus revenues of the Assigned Tract for the years 1881-2 and 1882-3." No orders to this effect have been issued, and, on the other hand, whatever the ultimate destination of the surplus, there is no intention of repaying to the Durbar any portion of the revenues which may be collected meantime. Probably Mr. Lyall has already pointed out to the Dewan the incorrectness of this portion of his speech.

It is desirable that the question referred to in this letter should be settled without any further avoidable delay, and I am accordingly to ask you to favour me with an early reply. I am to add that you should be very careful not to give the Mysore Government any ground for supposing that if the surplus proves to be considerable, they will receive some payment on account of it. The Government of India wishes to have full details as to the probable amount of the surplus before coming to a decision, but it is by no means to be assumed that a payment will be made if the surplus is large. Probably you will have no necessity to communicate with the Durbar in the matter, and you should take care that no information which is likely to create a false impression leaves your office without your authority. Items of Mysore news which ought not to have been divulged have been noticed of late, more than once, in the columns of the press.

Yours truly,
H. M. DURAND,

To

Colonel Tredway Clarke,
Officiating Resident in Mysore,
Bangalore,

[Demi-official]

Dated Bangalore, 13th January, 1885.

From—Colonel T. Clarke,
To—H. M. Durand, Esq., C. S. I.

I regret that there has been greater delay than I could have wished in complying with the instructions conveyed in your demi-official letter of 12th ultimo. The Christmas holidays intervened soon after its receipt, and some time has been occupied subsquently in scrutinizing and verifying the figures obtained from the Resident's Treasury, by reference to the Mysore Comptroller's Office, where the accounts of the Assigned Tract have been hitherto kept, and this had to be done in such a manner as not to excite attention.

2. I now enclose two statements. (A)—A statement of the receipts and disbursements of the Bangalore Civil and Military Station (or Assigned Tract) budget for the three years from 1881—82 to 1883—84; and (B)—a statement of "Imperial" charges for the same years paid from the Resident's Treasury.

3. From table I of statement (A) it will be noticed that, while the receipts under two heads only, namely excise or spirits &c., and local cesses on sprits, beer, &c., have increased steadily, there have been considerable fluctuations in other large items; and it would be convenient, therefore, to take the average of the three years' receipts, which amounts to Rs. 3,19,390 annually.

*50,000 a year.

4. But as regards the disbursements, it would be preferable, I think, to take the figures for the last year of the series, *viz.*, for 1883-84. The earlier years were a time of transition. The charges exhibit, therefore, great variance, and may be said not to have taken a settled form till 1883-84, in which year the charges under "Medical" for the maintenance of the Bowring Civil Hospital were made over to the Municipality; and in lieu thereof, the Municipality was relieved of the cost of the police force of the Civil and Military Station which it had hitherto borne. Taking the figures for that year accordingly the total charges against the Assigned Tract revenue amounted to Rs 1,74,437, and deducting this sum from the amount given in the preceding, paragraph, the surplus revenue is found to be Rs. 1,44,953 per annum at present.

5. In statement (B), I have entered all charges now paid out of the Resident's Treasury, and debited to the head "Imperial" and it remains to be considered whether there are any items in this list which might properly be debited to whole or in part to the Assigned Tract budget. I have scrutinized the particulars and find that the large items, *viz.*, Nos. 17 to 21, are strictly "Imperial charges". No. 17 "Ecclesiastical charges" include the pay of Chaplains and establishment, and also a sum of Rs. 2,500 provided for repair of British cemeteries in the Mysore territory. No. 18 comprises wholly the political pension stipulated under the treaty of 1799 to Tippu's family and descendants, and No. 19 consists of miscellaneous charges quite unconnected with Mysore. The only items which, as it appears to me, admit of being assigned apart to the local budget are those bearing Nos. (in statement B) 1 to 4, 6, and 9 to 14. These comprise the pay of the Resident, Assistant Resident, Residency Surgeon, and of their establishments, &c. If one-third of the average for three years be assumed as the proportion of these charges debitable to the Assigned Tract revenue, the amount will be, as shown in statement (B), Rs. 36,075. The one-third quota is not perhaps a very precise estimate of the share of the Resident's duties assignable to the Civil and Military Station, but it is a fair approximation and any less proportion would reduce the amount to an insignificant sum. If it be decided, however, to allot any specific portion of the pay of the Resident and his staff as payable otherwise than from Imperial revenues, the one-third quota may be accepted, thus reducing the surplus revenue amount to Rs. 1,08,878.

6. My opinion is called for as to the manner in which the relinquishment of Seringapatam and its revenue should be dealt with in connection with the subject. I may remark, as a fact which has some bearing on the determination of the question probably, that although the rent of Rs. 50,000 per annum was paid to the British Government by the Mysore State for some 50 years prior to the cession, the revenue derived from the island fell much short of that sum. Indeed, I find on reference to the old native accounts, which will be found tabulated in the appendix attached to the Finance chapter of the Mysore Administration Report for 1872-73 (page 13), that the receipts never reached Rs. 30,000 and for many years later averaged about Rs. 15,000 or Rs. 20,000 a year. I do not imagine that the intention of Government to set off the rent of Serigapatam against the revenue of the Assigned Tract would be demurred to by the Mysore Government if they were made acquainted with such intention, but the fact I have stated is one which might, I think, be held deserving of consideration, in arriving at a decision on the point. I may add that, on reference to the accounts of the revenue of Seringapatam for the years subsequent to 1861—62, which have this moment been furnished to me (confidentially) by the Mysore Comptroller, I find that in the last year of the lease, *viz.*, 1880—81, the amount realized was Rs. 21,184; and that during the 20 years which preceded that year, the realizations ranged from a maximum of Rs. 29,993 (in 1863-64) to a minimum of Rs. 18,111 (in 1874—75).

7. Whatever may be the view taken on this subject, it will be evident that the average annual surplus, ultimately available for disposal, will be somewhat less than one lakh of rupees, and against this, must be placed for several years to come, the expenditure to be incurred in erecting the jail and other offices which it is in contemplation to build within the Civil and Military Station, and which will presumbly be chargeable to the Assigned Tract revenue.

(A)

Statement showing Receipts and Disbursements of the Assigned Tract (Bangalore Civil and Military Station) for 1881-82, 1882-83 and 1883-84.

TABLE I.

No.	HEADS OF RECEIPTS.	ACTUALS. 1881-82.	ACTUALS. 1882-83.	ACTUALS. 1883-84.	REMARKS.
		Rs. A. P.	Rs. A. P.	Rs. A. P.	
1	Land Revenue	3,607 2 7	3,695 11 8	3,664 8 3	
2	Excise on Spirits and Drugs ...	2,31,516 9 9	2,63,427 4 2	2,71,113 9 10	
3	Stamps	37,141 4 0	41,731 13 0	34,796 12 0	
4	Registration	3,742 10 0	4,840 4 0	4,713 2 4	
5	Law and Justice	2,692 9 3	1,912 10 3	1,526 1 1	
6	Police	51 0 0	1 0 0	42 0 0	
7	Medical	87 9 3	6 9 7	...	
8	Local cesses on Spirits, Beer and Ganja	15,184 6 10	15,700 4 1	16,976 1 2	Rs. A. P.
	Total Receipts ...	2,94,023 3 8	3,31,315 8 9	3,32,832 2 8	Average Receipts 3,19,390 15 0
	Total Disbursements ...	(a) 1,34,378 7 2	(b) 1,58,730 10 7	(c) 1,74,437 12 6	Deduct (c) ... 1,74,437 12 6
	Surplus receipts ...	1,59,644 12 6	1,72,584 14 2	1,58,394 6 2	Surplus ... 1,44,953 2 6

TABLE II.

No.	HEADS OF DISBURSEMENTS.	ACTUALS. 1881-82.	ACTUALS. 1882-83.	ACTUALS. 1883-84.	REMARKS.
		Rs. A. P.	Rs. A. P.	Rs. A. P.	
1	Land Revenue transferred to Municipality of Bangalore.	3,559 1 9	3,172 2 2	3,559 1 9	
2	Refunds of Court fees, fines, &c. ...	178 5 0	214 4 0	1,133 8 0	
3	Stamps	330 0 0	360 0 0	867 2 4	
4	Registration	1,012 5 2	1,365 1 10	1,514 1 5	
5	Administration. Personal allowance to clerks, &c.	30 0 0	145 7 9	...	
6	Europe Stationery and Printing charges	...	12 0 0	4,133 0 4	
7	Law and Justice	33,558 12 2	43,400 2 10	43,595 9 10	
8	Police	37,200 12 4	41,225 2 11	60,704 14 6	
9	Education. Grants-in-aid to schools, &c.	22,871 14 2	25,918 4 11	28,518 8 0	
10	Medical	18,801 7 7	17,303 12 4	75 0 0	
11	Furlough and Absentee allowances ...	2,510 5 4	...	...	
12	Charitable grants, &c.	4,950 0 0	5,436 8 11	5,426 13 2	
	Miscellaneous.				
13	Grant to Municipality for maintenance of roads.	5,025 0 0	5,025 0 0	5,025 0 0	
14	Grant to Mayo Hall	...	6,140 2 5	5,000 0 0	
15	Repairs to Residency	...	1,735 0 7	3,666 5 11	
16	Cost of maintaining lunatics ...	...	777 14 2	408 4 3	
17	Contribution to repairs of Post Office..	...	...	1,947 10 8	
18	Minor construction and repairs ...	...	388 0 0	289 13 1	
19	Cost of boundary stones	219 0 0	...	...	
20	Erecting compound wall to R. C. cemetery at Blackpelli.	...	...	814 14 3	
21	Books and advertising charges ...	24 7 0	111 9 9	258 1 0	
22	Improvements to St. Joseph's College.	...	...	1,500 0 0	
23	Cost of prisoners	*4,107 0 8	6,000 0 0	6,000 0 0	
		1,34,378 7 2	1,58,730 10 7	1,74,437 12 6	

*These sums are not the actuals for *each* year, but represent the allotment of a lump sum of Rs. 16,107-0-8, which was paid to Mysore in 1884 for prisoners belonging to the Civil and Military Station, incarcerated in the Central Jail from 1st April 1881 to 31st December 1883.

(B)

Statement showing "Imperial" charges paid from the Resident's Treasury, Bangalore, for the years 1881-82, 1882-83 and 1883-84.

No.	Heads of Charge.	1881-82.	1882-83.	1883-84.	Amount of 1/3rd of the average of three years.	Remarks.
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
1	Pay of the Resident and Chief Commissioner of Coorg, &c.	60,730 0 0	48,774 0 0	51,565 0 0	17,896 0 0	
2	Pay of the Assistant Resident and Secretary for Coorg.	16,635 0 0	14,594 0 0	12,312 0 0	4,838 0 0	
3	Pay of the Resident's establishment...	17,142 0 0	12,794 0 0	13,498 0 0	4,826 0 0	
4	Office contingencies	3,688 0 0	14,070 0 0	3,826 0 0	2,398 0 0	
5	Travelling allowances of Resident, Assistant Resident, and establishments.	1,466 0 0	228 0 0	3,012 0 0	...	
6	Office rent	345 0 0	1,370 0 0	1,320 0 0	440 0 0	
7	Temporary Record establishment ...	...	192 0 0	...	...	
8	Pay of Aide-de-Camp	903 0 0	...	...	...	
9	Pay of Residency Surgeon ...	6,050 0 0	6,600 0 0	6,997 0 0	2,183 0 0	
10	,, ,, establishment ...	353 0 0	240 0 0	360 0 0	106 0 0	
11	Office contingencies of Residency Surgeon.	12 0 0	...	114 0 0	38 0 0	
12	Allowance to Treasury Officer ...	1,000 0 0	1,177 0 0	1,200 0 0	400 0 0	
13	Pay of Treasury establishment ...	7,955 0 0	6,372 0 0	6,507 0 0	2,315 0 0	
14	Treasury Office contingencies ...	1,511 0 0	2,906 0 0	1,300 0 0	635 0 0	
15	Cost of Building Treasury room ...	...	...	671 0 0	...	
16	,, ,, latrine	...	155 0 0	...	...	
17	Ecclesiastical charges	51,753 0 0	50,016 0 0	55,239 0 0	...	
18	Political pensions	27,677 0 0	14,586 0 0	12,815 0 0	...	
19	Sundry other charges	11,603 0 0	8,824 0 0	16,323 0 0	...	
20	Civil pensions	43,599 0 0	49,765 0 0	61,608 0 0	...	
21	Payments to officers on leave at Bangalore.	8,481 0 0	10,636 0 0	5,152 0 0	...	
	Total ...	...	...	...	36,075 0 0	

(Sd.) T. Clarke, *Colonel,*
Officiating Resident in Mysore.

The 3rd January 1885.

October 2nd, 1889.

My Dear Chesney,

In May last, I submitted to the Military Department a scheme for the water supply of Bangalore, but I have heard nothing more about it, though I have since made proposals D. O. to Durand which will obviate the necessity of borrowing from the Government of India as I proposed. I have found some one else to lend the money. However with reference to this water supply scheme I should like you to read the account given in para. 4 of the enclosed note on the external liabilities of Mysore of the surplus revenue of the Assigned Tract, *i. e.*, the Civil and Military Station of Bangalore.

You will notice that the Government of India has come to no definite decision as regards the disposal of the surplus, whether it is to be finally made over to Mysore or to form part of ordinary imperial revenues. For the present the question remains to be settled in concurrence with that of the enhanced Mysore subsidy also mentioned in the enclosed note.

Meanwhile a surplus has grown up since the 1st April 1881 of more than 5 lakhs, and we can reckon on 6 to 10 lakhs more before the enhanced subsidy is due. Now it seems to me that whether it is settled to hold fast to this surplus or to make it over to the Mysore Government the Military Department has a strong claim on it. The Assigned Tract, that is the Civil and Military Station, was assigned to us distinctly for the purposes of a Military Cantonment. The revenue is derived from what would in other places be a large sudder bazaar, and the garrison and its followers have a legitimate claim on the money.

Yet the C. and M. Station is being starved either to diminish a subsidy which the Mysore Government can well afford to pay or to contribute a lakh or so a year to the Imperial exchequer, which has a very dubious right to it. The Mysore Government will be only too glad to see this money spent locally. They do not grudge it to the C. and M. Station or the troops in the least but to the Imperial exchequer.

The first necessity of Bangalore Cantonment is good water. Without it its utility as a Station for troops is distinctly impaired. On what better object could the surplus revenue be expended than in providing a good water supply for the troops and people? The neighbouring town of Bangalore (under the Mysore Government) is to have a free water supply as it already has many advantages denied by our penurious economy of its revenues to the C. and M. Station. Would it be fair to make the people of the tract assigned to us pay heavily for a necessity of life supplied greater in that part of Bangalore administered by the native Government?

The immediate effect on the military budget of providing the 7 or 8 lakhs required for the water supply out of the surplus revenues of the C. and M. Station instead of borrowing the money as I proposed would be as follows:—

The present inferior water supply costs you for the troops 27,500 per annum

Under my scheme you would have to pay 30—35,000 per annum for an improved supply.

If the initial cost of the water supply were borne by the revenues of the C. and M. Station you would only have to pay half the cost of upkeep and distribution about 10,000 rupees, saving to your budget of over 20,000 annually. I am confident that you will agree with me that I can make out a good case; and if you think that there is a fair chance of success I will submit the question officially to the Foreign Office; but you will understand that I do not care to court a rebuff from the Finance Department.

R. P. S.—1-1918—10.